



Value-Based Health Care Delivery: Systems Integration & Growth

Professor Michael E. Porter
Harvard Business School

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This presentation draws heavily on Professor Porter's research in health care delivery including Redefining Health Care (with Elizabeth Teisberg), What is Value in Health Care, NEJM, and The Strategy That Will Fix Health Care, HBR (with Thomas Lee). A fuller bibliography is attached. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means — electronic, mechanical, photocopying, recording, or otherwise — without the permission of Michael E. Porter. For further background and references on value-based health care, see the website of the Institute for Strategy and Competitiveness.

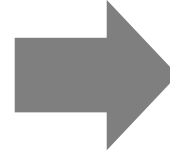
Creating Value-Based Health Care Delivery

The Strategic Agenda


1. Re-organize care around **patient conditions**, into **integrated practice units (IPUs)**
 - For primary and preventive care, IPUs serve **distinct patient segments**
2. Measure **outcomes** and **costs** for every patient
3. Move to value-based reimbursement models, and ultimately **bundled payments** for conditions and primary care segments
4. Integrate multi-site care delivery **systems**
5. Allocate and integrate care **across geography** to improve value
6. Build an enabling **information technology platform**

Shifting The Strategic Logic of Health Systems

Confederation of Standalone Units/Facilities



Clinically Integrated Care Delivery System

- Increase **volume**/bargaining power
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- More clout in **contracting** and **purchasing**
 - **Spread** “fixed overhead” costs
 - **Owned** primary care practices “**guarantee**” referrals

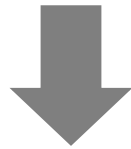
- Increase **value**
- Value-based **delivery** structure by conditions that **integrate** care across the care cycle
- Integrate **primary care** and **specialty care**
- **Concentrate** care for conditions in fewer sites and integrate care across geography in appropriate IPU sites



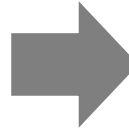
- The system is **more than** the sum of its parts

“Population Health”

- Serve a **large** population
- Meet **all** the population’s **needs**



- Focus on **prevention**
- Appropriateness and reducing **overtreatment**
- Improve **generic quality metrics** (e.g. infection rates, readmission)
- Improve **population-wide quality metrics**



Value-Based Delivery System by Condition and Primary Care Segement

- Deliver unique **value for patients**
 - By condition and primary care patient segment



- Build **IPUs** by conditions
- Create segmented **primary care**
- Measure and improve value by **condition** and **segment**
- Embed **prevention** across all types of care

Four Levels of Provider System Integration

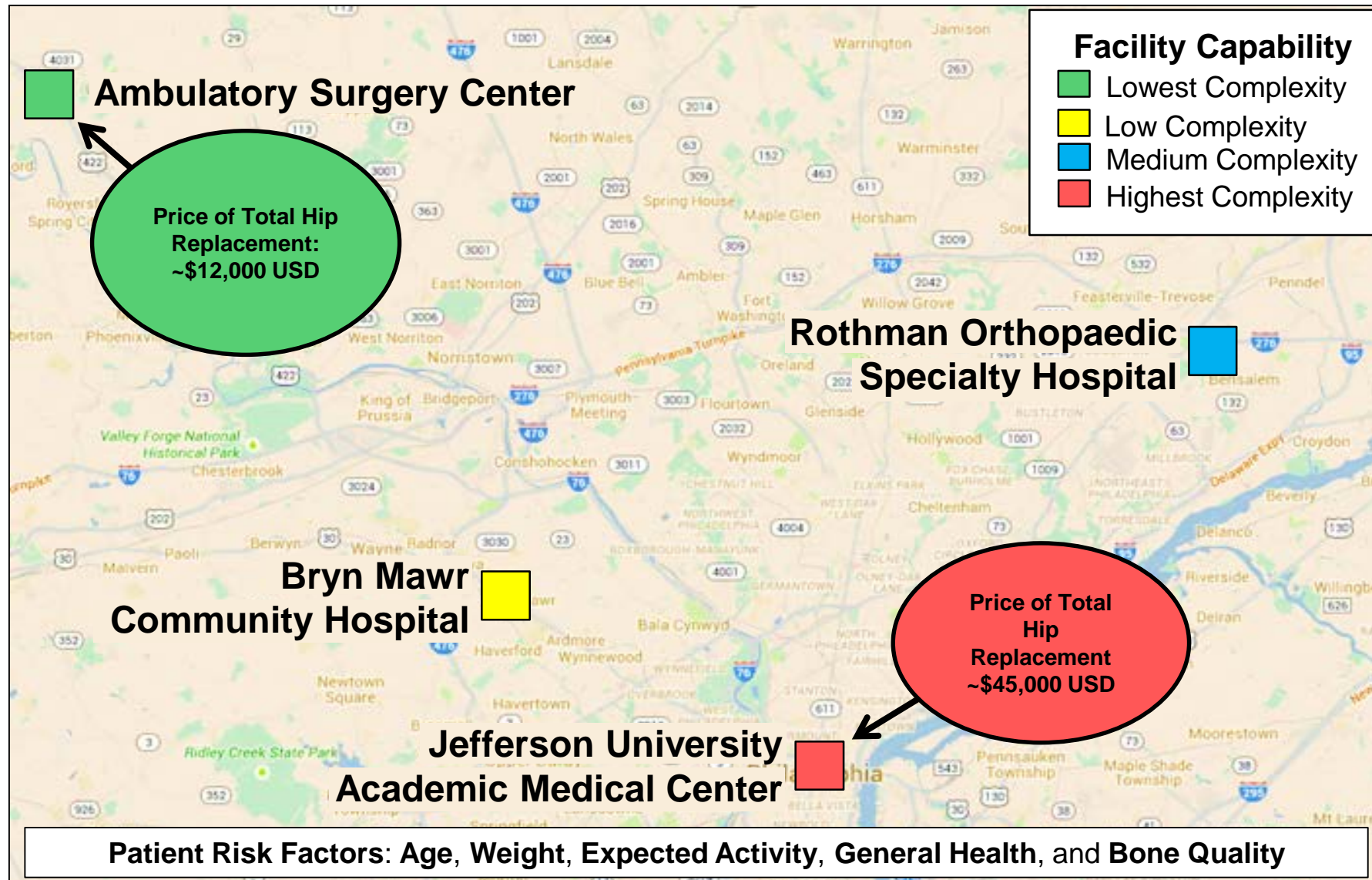
1. Defining the **overall scope of services** for each site and for the system as a whole, based on **value**
 - **Affiliate** when this creates value
2. Concentrate **volume** of patients by condition in **fewer locations** to support IPU and improve outcomes and efficiency
3. Perform the **right services** in the **right locations** based on acuity level, resource/cost fit, and the benefits of patient convenience for repetitive services (“acuity tuning”)
 - E.g., move **less complex surgeries** out of tertiary hospitals to lower acuity facilities and outpatient surgery centers
 - **Affiliate** when this creates value
4. Integrate the care cycle **across sites** via an **IPU structure**
 - Common **scheduling**
 - **Digital services, telemedicine** and **home care** to can help tie together the care cycle

The Geography of Care

- The Traditional Care Geography Model
 - Care organized around **specialties** and **interventions** for each site
 - Reinforced by the **fee-for-service** model and **siloed IT systems**
 - **Duplication** of services across sites/facilities (community and AMCs)
 - Sites provide care for **multiple acuity levels**
 - **Limited integration** of care across services and sites
- Geography of Care & Strategic Principles
 - Organize **care by condition** in IPUs (hubs)
 - **Allocate services** across the care cycle to appropriate sites based on care complexity, patient risk factors, cost, and patient convenience
 - **Integrate** telemedicine, affiliation with independent provider sites, and home services into the care cycle
 - IPUs create **systems** to allow for teams to direct patients to the most appropriate site

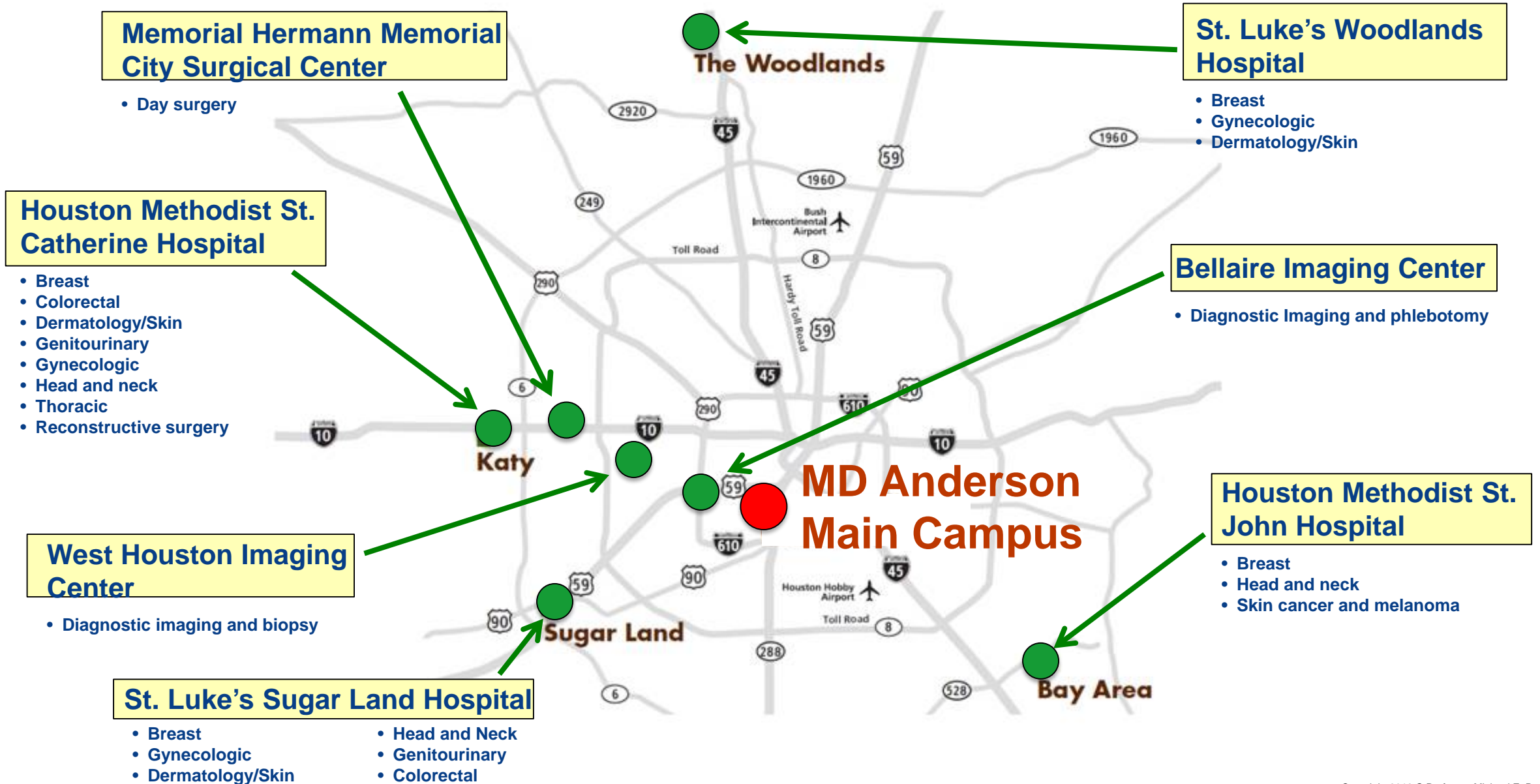
Delivering the Right Care at the Right Location

Rothman Institute, Philadelphia



Move Appropriate Services Out of High Resource Centers

MD Anderson Regional Cancer Care Centers



Integrate Multi-site Care

Children's Hospital of Philadelphia Care Network



Wholly-Owned Outpatient Units

- ★ Primary Care Practices
- Specialty Care Centers
- Specialty Care Center, Surgery Center & After-Hours Urgent Care
- Specialty Care & Surgery Centers
- Specialty Care Center, Surgery Center, After-Hours Urgent Care & Home Care

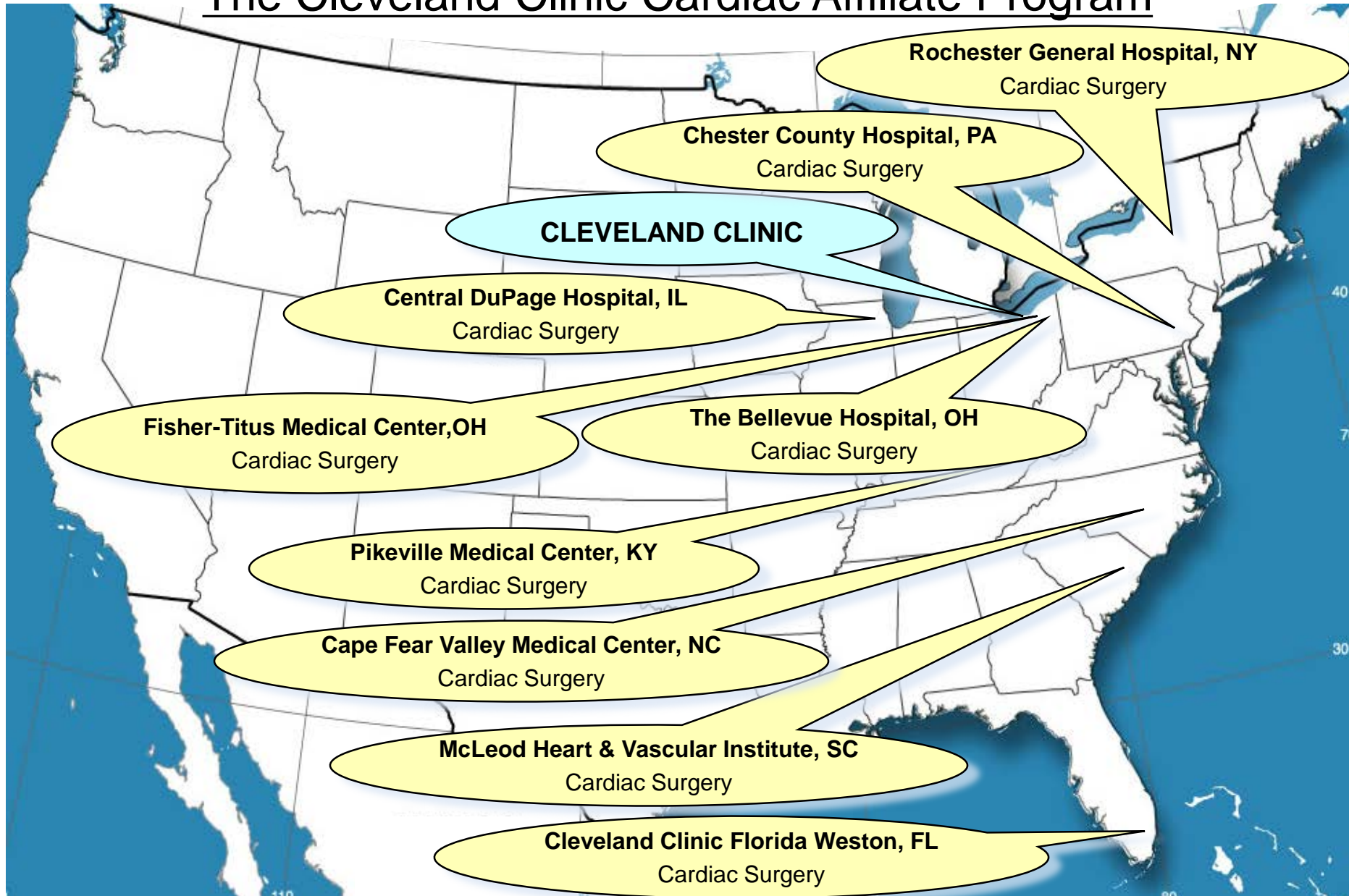
Community Inpatient Partnerships

- CHOP Newborn Care
- CHOP Pediatric Care
- CHOP Newborn & Pediatric Care
- ▲ Hospital & Integrated Specialty Program



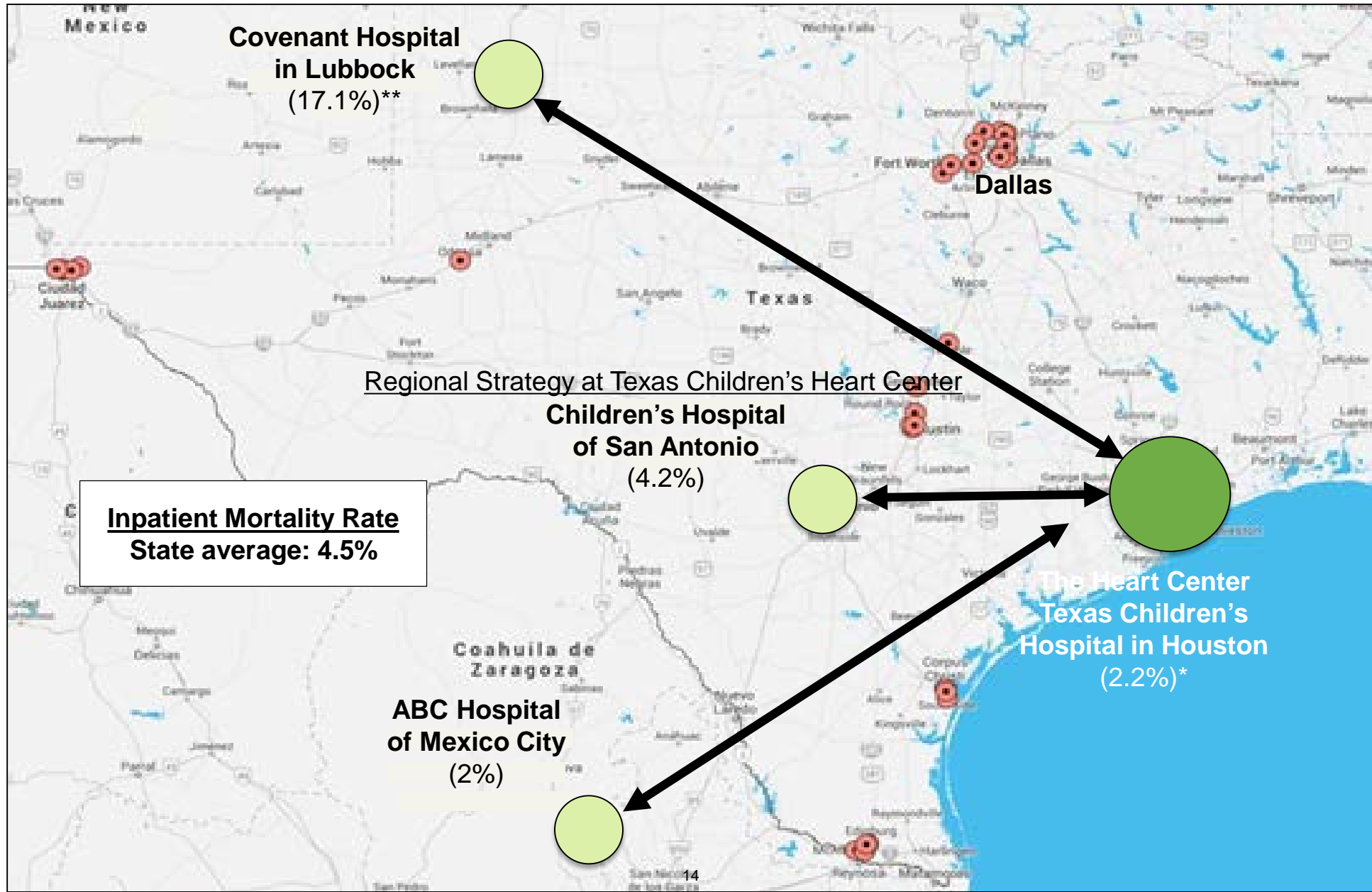
Expand Geographic Reach

The Cleveland Clinic Cardiac Affiliate Program



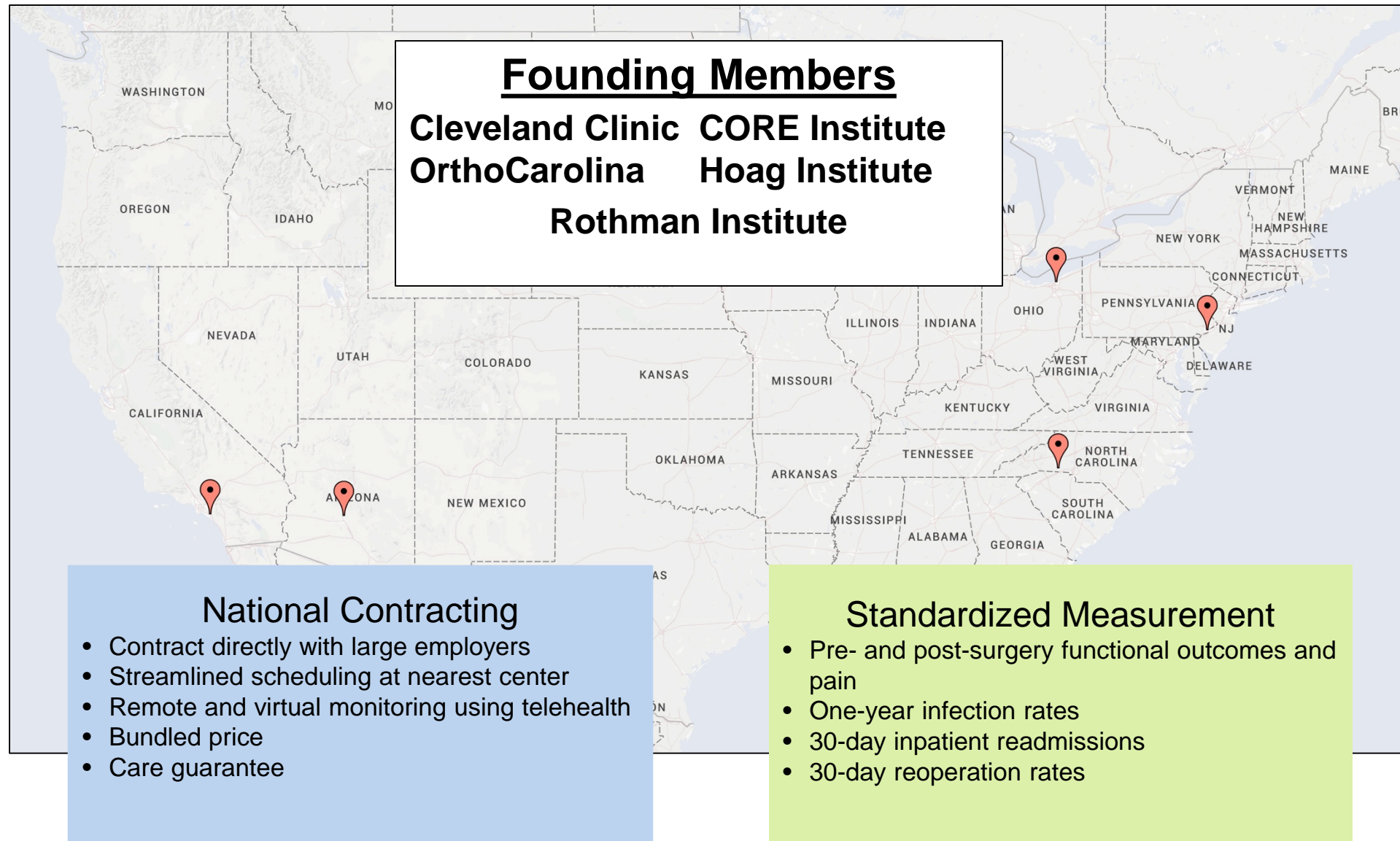
Affiliation to Upgrade and Allocate Care Across Centers

Regional Strategy at Texas Children's Heart Center



Partnering to Compete Multi-Regionally or Nationally in Particular Conditions

National Orthopaedic and Spine Alliance (NOSA)



Enabling System Integration and Affiliation

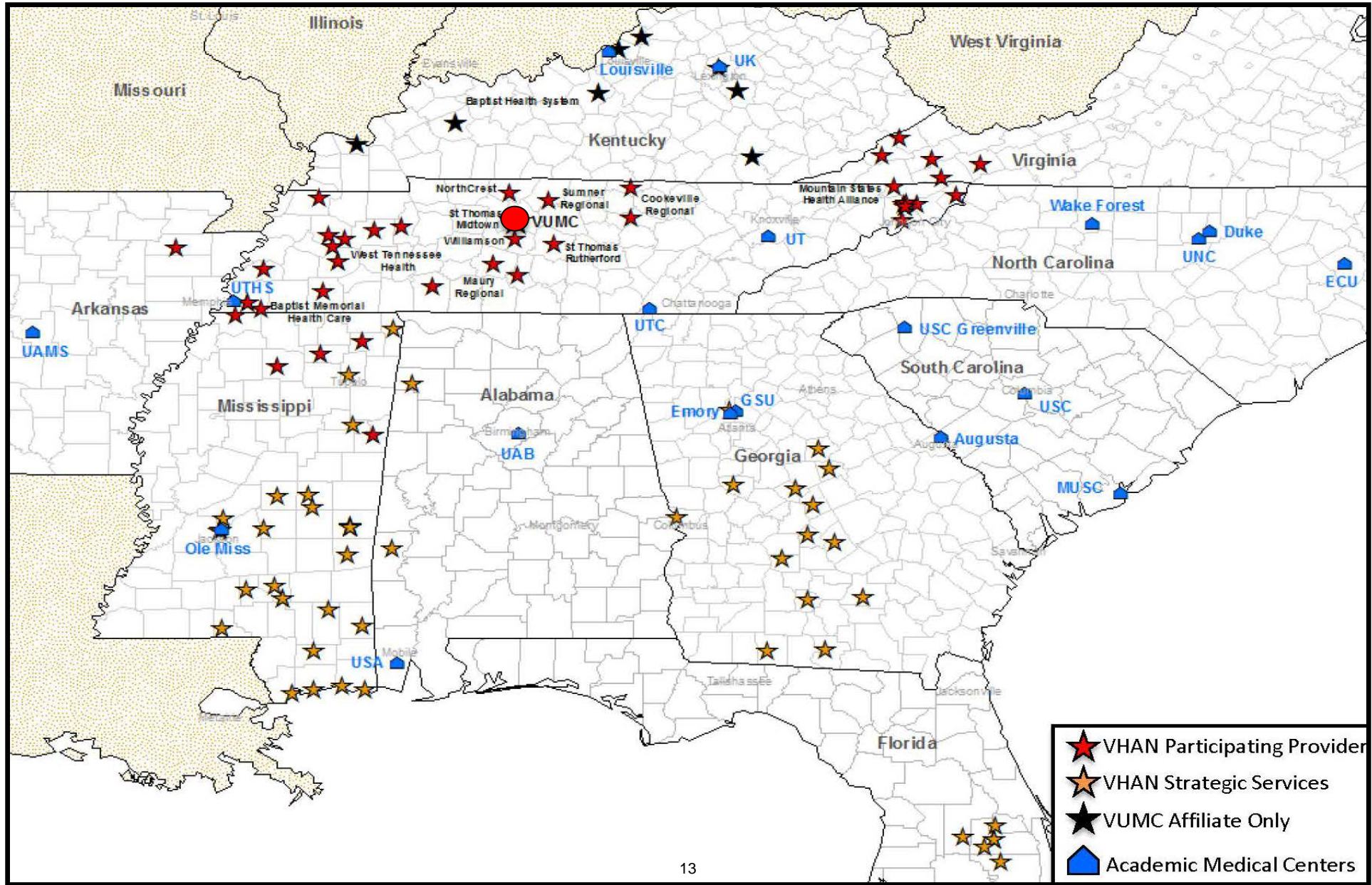
- IPU hubs to manage **integration**
- Common **EMR**
- **Unified scheduling** of patients by condition
- Standardized TDABC **costing**
 - Ability to measure and compare **cost by location** for each service/activity in the care cycle
- Integrated common **dashboards, protocols, processes, and financial statements**
- **Telemedicine** to link sites



- **Physician** alignment
 - **Employed** or **affiliated** physicians where feasible
- Explicit mechanisms to forge **personal relationships** among staff who need to work together
 - Meetings and other steps that create **regular contact** among dispersed staff
 - **Rotation of staff** across locations
- Common **culture** and **values**

Broad Based Affiliations Across a Region

Vanderbilt Health Affiliated Network (VHAN)



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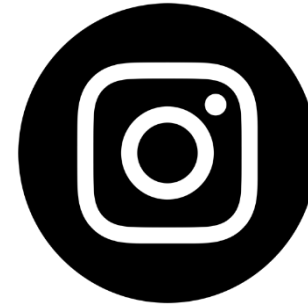
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